

KZN – DEPT. OF EDUCATION
GREENBURY SECONDARY SCHOOL
THIRD CONTROL TEST – 2017
BUSINESS STUDIES - GRADE 11

EXAMINER : R NAIDOO/R GOVENDER/S DHOODHANATH
MODERATOR : S DHOODHANATH/R GOVENDER/R NAIDOO
NAME : _____

MARKS : 100
DURATION : 1 HOUR

INSTRUCTIONS AND INFORMATION

1. This paper consists of 5 printed pages.
2. There are 3 sections :
 - **SECTION A** : COMPULSORY
 - **SECTION B** : Consists of THREE questions. **CHOOSE ANY TWO QUESTIONS.**
 - **SECTION C** : **ESSAY** question. Consists of TWO questions. **CHOOSE ANY ONE.**
3. Use the SPECIAL ANSWER SHEET for Section A.
4. Start each question on a new page.
5. Tick(**v**) the questions answered on the special answer sheet.

SECTION A: COMPULSORY

QUESTION ONE : (MULTIPLE CHOICE)

- 1.1 **Various options are provided as possible answers to the following questions.**
Choose the correct answer and write only the correct letter next to the question number.
E.G 1.1.11 B

1.1.1 Which one of the following is not a policy instrument in marketing?

- A) Product Policy
- B) Price Policy
- C) Financial Policy
- D) Distribution Policy

1.1.2 The manufacturing of a large quantity of a standardised article can be identified as _____ production.

- A) Job
- B) Mass
- C) Batch
- D) Product

1.1.3 Purchasing an item such as a car, is an example of a _____ good.

- A) Shopping
- B) Convenience
- C) Speciality
- D) Frequent

1.1.4 A quota on imports is

- A) A legal barrier that restricts imports from that country.
- B) A tax on imports.
- C) A limit on the quantity of a good that can be imported.
- D) Where a government gives grants to domestic business.

1.1.5 A production process is capital-intensive if

- A) The cost of machinery is small in comparison to the cost of the labour
- B) The costs of elements are established before production can take place.
- C) The costs are linked to the actual production of the goods or services.
- D) The cost of machinery is large in comparison to the costs of the labour

(5 x 2 = 10 marks)

1.2 Choose the correct word/s from those given in the textbox provided. Write only the correct word/s next to the question number.

Direct channels	Batch production	Standardisation	Mission statement
Job production	Distribution channels	Vision statement	Grading

1.2.1 Identifies the long-term goal of the company.

1.2.2 The producer sells goods through almost all available wholesale and retail outlets.

1.2.3 This production system is used for labour-intensive projects such as building bridges.

1.2.4 This production system is divided into different operations that each need to be completed before the next one starts.

1.2.5 This is when products are identical and made to specific standards.

(5 x 2 = 10 marks)

TOTAL : SECTION A : 20 marks

P.T.O./...SECTION B

SECTION B**[ANSWER ANY 2 QUESTIONS]****QUESTION 2 – [BUSINESS VENTURES & ROLES]****2.1 READ THE EXTRACT BELOW AND ANSWER THE QUESTIONS THAT FOLLOW:****TAKALANI TRADERS – SUCCESS STORY**

Takalani traders is owned by Penelope Kwenyama. Her business offers a variety of goods for sale to the public. Over the years Penelope, has established her business very well in her market. She is well applauded by her staff for her commitment and dedication in her business. Her ability to persevere through trying times is worthy of praise. Her creative and innovate ideas has won over her target market, and allowed for her to take calculated risks.

To improve the image of the business and gain customer loyalty, her business has embarked on a number of community projects. This has proved to be successful for Penelope has her sales and profits have doubled over the past years.

- 2.1.1 Identify from the extract above, any four(4) entrepreneurial qualities that Penelope displays. (4)
- 2.1.2 Give another name/term for "Corporate Citizenship." (2)
- 2.1.3 According to the extract, state two(2) reasons why Penelope embarked on community projects. (2)
- 2.2 Tabulate the difference between Non-governmental organizations(NGO'S) and Community-based Organizations(CBO'S) . (4)
- 2.3 Explain, how individuals can play a positive role in their business community? (8)
- [20 MARKS]**

QUESTION 3 – [BUSINESS OPERATIONS]

- 3.1 Tabulate the differences between the following terms:
- 3.1.1 Imports and Exports (2)
- 3.1.2 E-commerce and E-marketing (2)
- 3.2 Explain the advantages of E-Marketing. (8)

3.3

Foreign marketing is marketing that is carried out in other countries so that the business's exports are bought there.

- 3.3.1 Discuss any four(4) benefits that foreign marketing has on a business. (8)
- [20 MARKS]**

QUESTION 4 – [MISCELLANEOUS]**BUSINESS VENTURES & ROLES**

4.1

An entrepreneur is a person who is able to convert inputs into a successful output (profit)

4.1.1 Explain the following key success factors:

- 4.1.1.1 Sustainability (2)
4.1.1.2 Customer base (2)
4.1.1.3 Profitability (2)

4.2

Advertising is the communication of a message about a product to increase sales. All advertisements must comply with the Advertising Standards Authority (ASA).

4.2.1 Discuss the "A.I.D.A" principles that is used in advertising. (8)

BUSINESS OPERATIONS

4.3

Trim Manufacturers, is a business that manufacturer lawn mowers. The following costs were incurred by Trim Manufacturers. The fixed cost for the month was R2 500, selling price is R200, and the unit variable cost came to R100.

4.3.1 Calculate the break-even point? (4)

4.3.2 Explain, the term "break-even point." (2)

[20 MARKS]

TOTAL SECTION B: 20 X 2 = 40 MARKS

P.T.O./...SECTION C

SECTION C: ESSAY
[ANSWER ANY ONE QUESTION]

QUESTION 5: BUSINESS ROLES

Mr Khumalo is an employee at Tongaat Hulett's. His general manager has decided to give him the task to embark on a project for the community that would uplift the area and in doing so will also increase the reputation of his company.

You have been appointed to enlighten Mr Khumalo about the following aspects with regards to Corporate Social Responsibility (CSR) that would make him understand the importance of the job assigned to him:

- Identify and explain **any 2** principles of good co-operate citizenship
- Explain the 3 P's that CSR encompasses
- Discuss the 3 main aspects of CSR
- Discuss how CSR would be implemented in the **Micro, Market and Macro** environment

[40 MARKS]

QUESTION 6: BUSINESS OPERATIONS

Danone yogurt wants to launch their new flavour of watermelon yogurt onto the market. The owner is a bit confused on how to price their yogurt as it is unique compared to their other ranges.

You are required to assist the owner of Danone yogurt with price determination. Enlighten him on the following aspects:

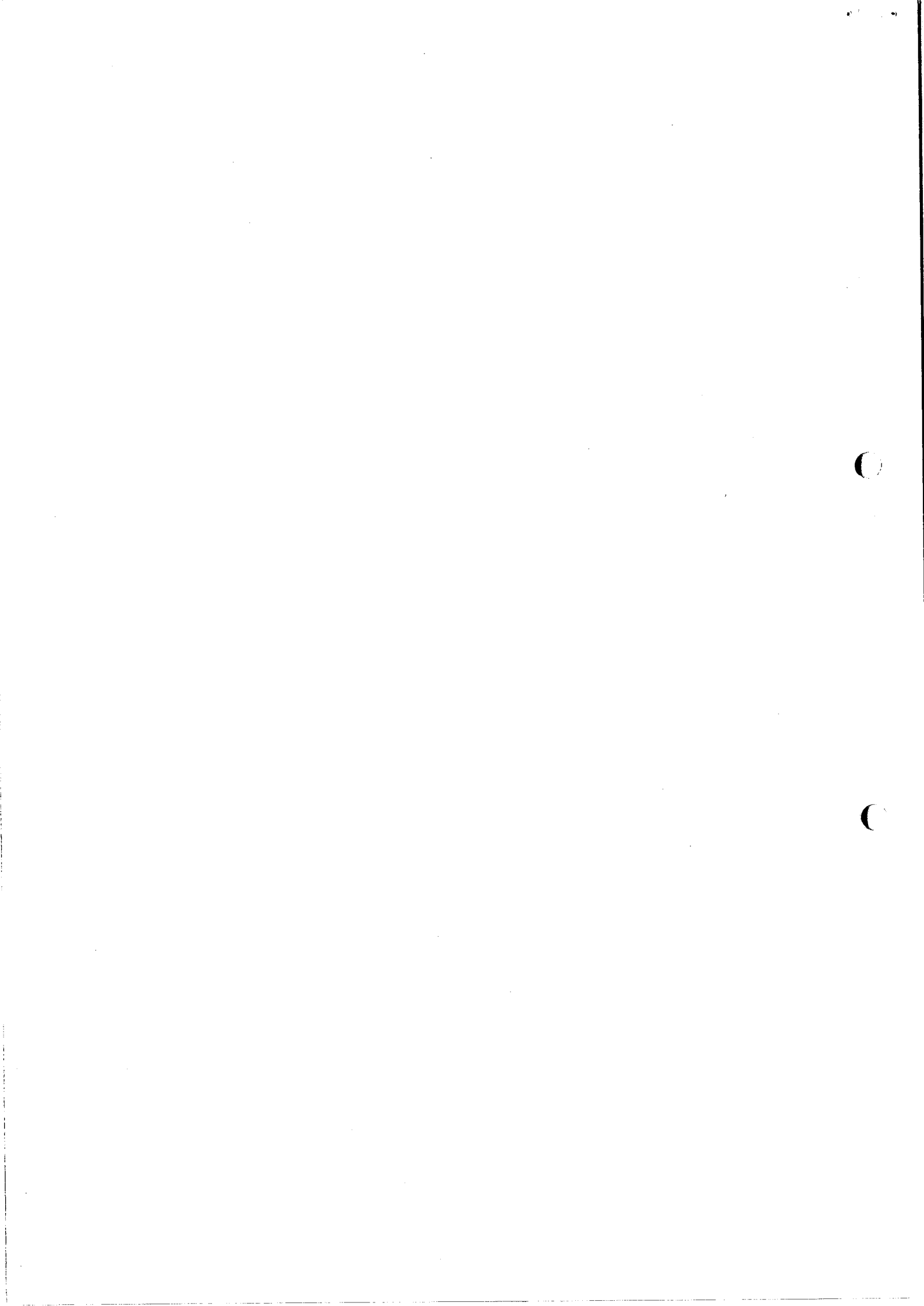
- Identify 4 internal and 4 external factors that affect price determination
- Identify and explain the 4 steps in price determination
- Explain the 4 important questions to ask before deciding on the pricing policy
- Discuss the following pricing technique :
 - Cost plus pricing
 - Mark-up pricing
 - Target pricing
 - Break-even pricing

[40 MARKS]

ALL THE BEST!!



July



GREENBURY SECONDARY SCHOOL

THIRD QUARTERLY TESTS - 2017

SECTION A - MEMORANDUM

GREENBURY SECONDARY SCHOOL



DEPARTMENT OF COMMERCE
H.O.D. MRS C MAHARAJ

[Handwritten signature]

QUESTION ONE

1.1

1.1.1 D //

1.1.2 B //

1.1.3 C //

1.1.4 C //

1.1.5 D //

1.2

1.2.1 VISION STATEMENT //

1.2.2 DISTRIBUTION CHANNELS //

1.2.3 JOB PRODUCTION //

1.2.4 BATCH PRODUCTION //

1.2.5 STANDARDISATION //

SECTION B

QUESTION 2 – [BUSINESS VENTURES & BUSINESS ROLES]

2.1.1 ANY FOUR(4) ENTREPRENEURIAL QUALITIES FROM THE EXTRACT

- Commitment and dedication ✓
- Persevere/perserverance ✓
- Creative and innovate ✓
- Take Calculated risk/risk-taker ✓

(4)

2.1.2 GIVE ANOTHER NAME FOR “CORPORATE CITIZENSHIP.”

- Corporate Social Responsibility ✓✓

(2)

2.1.3 EXPLAIN WHY PENELOPE EMBARKED ON COMMUNITY PROJECTS (FROM EXTRACT)

- To improve the image of the business ✓
- Gain customer loyalty. ✓

(2)

2.2	NON- GOVERNEMENTAL ORGANISATIONS	COMMUNITY-BASED ORGANISATIONS
	Operates without a profit motive and instead mostly aim at developing and serving civil society. ✓✓	Are organizations that serve the direct needs of specific communities, in response to specific problems and conditions. ✓✓

(4)

2.3 EXPLAIN, HOW INDIVIDUALS CAN PLAY A POSITIVE ROLE IN THEIR BUSINESS COMMUNITY?

- Being honest and trustworthy. ✓
- Forming good relationships with the community. ✓
- Respecting the environment. ✓
- Creating opportunities for the community and its members. ✓
- Supporting the wellness of employees.
- Supporting the community.
- Contributing time and effort towards an identical cause.
- Contributing to the sustainable development of the community
- Being proactive and getting involved.

(8)

QUESTION 3 – [BUSINESS OPERATIONS]

3.1.1	IMPORTS	EXPORTS	
	It is when a product is brought in from a foreign country for sale. ✓	Are products that are sent/sold over to a foreign country for sale. ✓	(2)
3.1.2	E-COMMERCE	E-MARKETING	
	Is the buying and selling of products over the internet or other electronic networks. ✓	Is the marketing of product over the internet or other electronic networks. ✓	(2)

3.2 ADVANTAGES OF E-MARKETING

- It can be used to reach a large and international audience. ✓
- The costs of advertising on the internet are lower if properly planned. ✓
- It is an adaptable and flexible system. ✓
- It can be personalized for different audiences. ✓
- It is easy to track and measure results. ✓

(8)

3.3.1 FOUR(4) BENEFITS OF FOREIGN MARKETING

- It can reach a larger target market. ✓
- It can increase market share. ✓
- It can increase profits. ✓
- It can mean that downswings in the domestic economy have less of an impact on the business. ✓
- There can be tax advantages for exporters. ✓
- The business may be able to take advantage of better transport and communication systems.
- The business may be able to use climate differences to its advantage.

(8)

QUESTION 4 – [MISCELLANEOUS]
BUSINESS VENTURES & BUSINESS ROLES

4.1.1.1 SUSTAINABILITY

- The business's ability to stay in operation in the future, will depend on its capturing the market share. ✓✓ (2)

4.1.1.2 CUSTOMER BASE

- The business must be able to attract and retain its customers. It must offer affordable prices, so that they eliminate competitors and gain the market share ✓✓ (2)

4.1.1.3 PROFITABILITY

- The business must be able to make a profit. It does this by maintaining its customer base and sustaining itself in the long term. ✓✓ (2)

4.2.1 EXPLAIN THE "A.I.D.A" PRINCIPLES

- A - Attention of the consumer is attracted ✓
- I - Interest gets the consumer examining the product ✓
- D - Desire makes the consumer want to own the product ✓
- A - Action results in the consumer buying the product. ✓ (8)

4.3.1 CALCULATE BREAK-EVEN POINT

- $\frac{2\,500}{(200 - 100)}$ ✓
- = 25 lawn mowers ✓✓ (4)

4.3.2 EXPLAIN THE TERM "BREAK-EVEN POINT."

- Is the point at which the total revenue(sales) equals the total costs of production process. ✓✓ (2)

QUESTION 5: BUSINESS ROLES

INTRODUCTION

Businesses play an important role in their communities simply by providing employment, producing goods and services and paying taxes. However, the responsibility of businesses today goes beyond just making a profit but also focusing on corporate social responsibility. ✓

max 2

BODY

1. PRINCIPLES OF GOOD CORPORATE CITIZENSHIP

Good relations ✓	A business should develop and maintain good relations with key stakeholders such as investors, employees, customers and suppliers. A business can play its role as a citizen effectively only if it is on good terms with these groups of people. ✓
Integrity ✓	'Integrity' means honesty and wholeness. A business demonstrates integrity by sticking to an ethical code and being honest in its dealings. ✓
Mindfulness ✓	A business should be aware of the impact of its decisions and practices, both in and outside the office. Mindfulness is important as the business must carefully consider how to minimise any negative impact, but also how to promote any positive impact. ✓
Opportunities for reflections ✓	A business needs to create opportunities for employees to reflect on their work. Reflection and evaluation allows a business to learn from the decisions it made in the past. This will help the business to make better decisions in the future. ✓

max 9

2. THE 3 P'S THAT CSR ENCOMPASSES

- Profit- the financial aspect of the business ✓
- People- the social aspect of the business ✓
- Planet- the environmental aspect of the business ✓

max 6

3. THREE MAIN ASPECTS OF CSR

- How the business uses its products to promote health and well-being and increase the quality of life ✓
- How the business operates and includes social and environmental responsibility in its planning and strategic management ✓
- Equity within the company and the incorporation of different communities in the production and distribution process ✓

max 6

4. IMPLEMENTATION OF CSR IN THE MICRO, MARKET AND MACRO ENVIRONMENT

MICRO ✓	MARKET ✓	MACRO ✓
<ul style="list-style-type: none"> • The creation of a healthy and safe workplace ✓ • The educational development of staff ✓ • The payment of market related incentives ✓ 	<ul style="list-style-type: none"> • Following advertising standards ✓ • Adopting ethical trading standards ✓ 	<ul style="list-style-type: none"> • Job creation ✓ • Scholarships for young learners ✓ • Funding of cultural and sporting events ✓ • Efficient energy use ✓ • Waste control policies ✓

max 12

CONCLUSIONS

All the information above describes the importance of CSR and how a business should go about deciding on the most suitable project. Mr Khumalo should now have a good idea about why his general manger has given him this task. ✓✓

MARK ALLOCATION

DETAILS	MAXIMUM MARKS	TOTAL
Introduction	2	MAX 32
Principles of good corporate citizenship	9	
3 p's that CSR encompasses	6	
3 main aspects of CSR	6	
Implementation of CSR in the micro, market and macro environment	12	
Conclusion	2	
INSIGHT		
Layout		2
Analysis		2
Synthesis		2
Originality		2

QUESTION 6: BUSINESS OPERATIONS

INTRODUCTION

The price of a good is important because if it is too high consumers will not want to buy it, and if it is too low then it will not be worthwhile for the business to produce it. The price of any product must be suitable to the budget of the target market or else the business will not make any sales. ✓✓ max 2

BODY

1. INTERNAL AND EXTERNAL FACTORS THAT AFFECT PRICE DETERMINATION

INTERNAL FACTORS	EXTERNAL FACTORS
<ul style="list-style-type: none"> • Business strategies ✓ • Production costs ✓ • Distribution costs ✓ • Economies of scale ✓ 	<ul style="list-style-type: none"> • Competition ✓ • The availability and price of substitute goods ✓ • The general market price determined by forces of demand and supply ✓ • Government legislation ✓ • Trade practices ✓ • The competition structure of the market ✓ • The sales channels ✓ • The life cycle of the product ✓

(CA)

(CA)

max 8

2. FOUR STEPS IN PRICE DETERMINATION

Step1. Cost price ✓	Refers to what it costs to make the product. The cost-accounting department determines the cost price. The price charged for a product cannot be lower than the cost price.
Step2. Market price ✓	This is the amount the market is willing to pay. The marketing department determines the market price using market research that determines the demand for the product.
Step3. Target price ✓	This is the price that the manufacturer wants to recover. The target price includes the cost price plus a profit margin.
Step4. Final price ✓	This is the price that is eventually determined after the cost price, market price and target price have all been considered.

max 12

3. FOUR IMPORTANT QUESTIONS TO ASK BEFORE DECIDING ON THE PRICING POLICY

- What is the cost of production? ✓
- What will the volume of sales be? ✓
- How will the products price compare to the prices set by competitors? ✓
- What value do consumers place on the product? ✓

max 4

4. PRICING TECHNIQUES

COST-PLUS PRICING	MARK-UP PRICING	TARGET PRICING	BREAK-EVEN PRICING
When a set amount of profit is added to the cost of manufacturing the product ✓	When the cost price of a product and a percentage of that cost price are added together to arrive at the selling price ✓	When prices are set to achieve a specific profit for a specific volume of sales ✓	When the break-even profit is determined using break-even analysis and the prices are set above this point, in order to earn a profit ✓

max 8

CONCLUSION

The pricing of the good should be given careful consideration as it will determine the success or failure of the business. ✓ max 2

MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	MAX 32
Internal and external factors that affect price determination	8	
Steps In price determination	12	
4 important questions	4	
Pricing techniques	8	
INSIGHT		
Layout		2
Analysis		2
Synthesis		2
Originality		2
TOTAL MARKS		40